

TO THE CONGRESS OF THE UNITED STATES:

I am pleased to transmit the Study on the Operation and Effect of the North American Free Trade Agreement (NAFTA), as required by section 512 of the NAFTA Implementation Act (Public Law 103-182; 107 Stat. 2155; 19 U.S.C. 3462). The Congress and the Administration are right to be proud of this historic agreement. This report provides solid evidence that NAFTA has already proved its worth to the United States during the 3 years it has been in effect. We can look forward to realizing NAFTA's full benefits in the years ahead.

NAFTA has also contributed to the prosperity and stability of our closest neighbors and two of our most important trading partners. NAFTA aided Mexico's rapid recovery from a severe economic recession, even as that country carried forward a democratic transformation of historic proportions.

NAFTA is an integral part of a broader growth strategy that has produced the strongest U.S. economy in a generation. This strategy rests on three mutually supportive pillars: deficit reduction, investing in our people through education and training, and opening foreign markets to allow America to compete in the global economy. The success of that strategy can be seen in the strength of the American economy, which continues to experience strong investment, low unemployment, healthy job creation, and subdued inflation.

Export growth has been central to America's economic expansion. NAFTA, together with the Uruguay Round Agreement, the Information Technology Agreement, the WTO Telecommunications Agreement, 22 sectoral trade agreements with Japan, and over 170 other trade agreements, has contributed to overall U.S. real export growth of 37 percent since 1993. Exports have contributed nearly one-third of our economic growth -- and have grown three times faster than overall income.

Workers, business executives, small business owners, and farmers across America have contributed to the resurgence in American competitiveness. The ability and determination of working people across America to rise to the challenges of rapidly changing technologies and global economic competition is a great source of strength for this Nation.

Cooperation between the Administration and the Congress on a bipartisan basis has been critical in our efforts to reduce the deficit, to conclude trade agreements that level the global playing field for America, to secure peace and prosperity along America's borders, and to help prepare all Americans to benefit from expanded economic opportunities. I hope we can continue working together to advance these vital goals in the years to come.

William J. Clinton